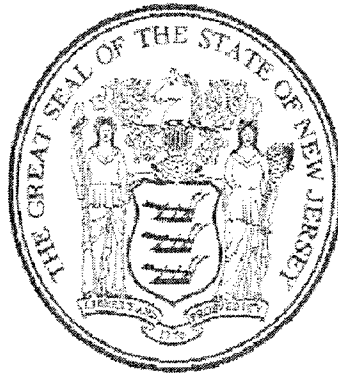


# **QUARTERLY REPORT**

**LICENSEE RESORTS INTERNATIONAL HOTEL, INC.**

**FOR THE QUARTER ENDED JUNE 30, 2005**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



# BALANCE SHEETS

AS OF JUNE 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 22,901	\$ 23,155
2	Marketable securities (Short Tm. money market at cost).....	1,072	17,892
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, \$1,325; 2004, \$1,562)..... Note 2.....	8,830	5,745
4	Inventories.....	2,490	1,966
5	Prepaid Expenses and Other Current Assets..... Note 3.....	9,438	9,039
6	Total Current Assets.....	44,731	57,797
7	Investments, Advances, and Receivables..... Note 4.....	11,212	11,163
8	Property and Equipment - Gross.....	306,665	271,084
9	Less: Accumulated Depreciation and Amortization.....	(44,159)	(28,465)
10	Property & Equipment - Net.....	262,506	242,619
11	Other Assets.....	5,642	7,278
12	<b>Total Assets.....</b>	<b>\$ 324,091</b>	<b>\$ 318,857</b>
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 11,103	\$ 7,432
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	1,935	4,284
17	Income Taxes Payable and Accrued.....	-	13
18	Other Accrued Expenses..... Note 5.....	18,401	14,725
19	Other Current Liabilities..... Note 6.....	8,709	8,317
20	Total Current Liabilities.....	40,148	34,771
	Long-Term Debt:		
21	Due to Affiliates..... Note 7.....	177,378	176,844
22	Other..... Note 7.....	20,424	16,688
23	Deferred Credits.....	6,010	5,591
24	Other Liabilities.....	-	-
25	Commitments and Contingencies..... Note 1.....	-	-
26	<b>Total Liabilities.....</b>	<b>243,960</b>	<b>233,894</b>
27	<b>Stockholders, Partners', or Proprietor's Equity.....</b>	<b>80,131</b>	<b>84,963</b>
28	<b>Total Liabilities and Stockholders' Equity.....</b>	<b>\$ 324,091</b>	<b>\$ 318,857</b>

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004

Amended

9/16/05

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	<b>Revenue:</b>		
1	Casino.....	\$ 67,290	\$ 62,492
2	Rooms.....	5,837	3,775
3	Food and Beverage.....	5,936	5,972
4	Other.....	1,121	2,792
5	Total Revenue.....	80,184	75,031
6	Less: Promotional Allowances.....	17,558	17,503
7	Net Revenue.....	62,626	57,528
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	40,914	39,174
9	Selling, General, and Administrative.....	8,716	11,515
10	Provision for Doubtful Accounts.....	64	(2)
11	Total Costs and Expenses.....	49,694	50,687
12	<b>Gross Operating Profit.....</b>	<b>12,932</b>	<b>6,841</b>
13	Depreciation and Amortization.....	4,884	3,553
14	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	<b>Income (Loss) from Operations.....</b>	<b>8,048</b>	<b>3,288</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates.....	(5,315)	(3,164)
18	Interest (Expense) - External.....	(465)	(116)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(223)	(954)
20	Nonoperating Income (Expense) - net.....	144	928
21	Total Other Income (Expenses).....	(5,859)	(3,306)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>2,189</b>	<b>(18)</b>
23	Provision (Credit) for Income Taxes.....	1,030	411
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>1,159</b>	<b>(429)</b>
25	Extraordinary Items (net of income tax benefit).....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ 1,159</b>	<b>\$ (429)</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (c)
	<b>Revenue:</b>		
1	Casino.....	\$ 128,547	\$ 117,704
2	Rooms.....	10,395	6,847
3	Food and Beverage.....	10,806	10,956
4	Other.....	2,478	4,642
5	Total Revenue.....	152,226	140,149
6	Less: Promotional Allowances.....	33,233	31,816
7	Net Revenue.....	118,993	108,333
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	80,887	74,605
9	Selling, General, and Administrative.....	19,027	21,706
10	Provision for Doubtful Accounts.....	108	(61)
11	Total Costs and Expenses.....	100,022	96,250
12	<b>Gross Operating Profit.....</b>	<b>18,971</b>	<b>12,083</b>
13	Depreciation and Amortization.....	9,706	7,217
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	<b>Income (Loss) from Operations.....</b>	<b>9,265</b>	<b>4,866</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates..... Note 8.....	(10,625)	(6,536)
18	Interest (Expense) - External.....	(759)	(192)
	Investment Alternative Tax and Related Expense,		
19	Net of Amortization of \$0 and \$0 Respectively.....	(401)	(1,079)
20	Nonoperating Income (Expense) - net.....	303	1,041
21	Total Other Income (Expenses).....	(11,482)	(6,766)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>(2,217)</b>	<b>(1,900)</b>
23	Provision (Credit) for Income Taxes.....	(207)	168
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>(2,010)</b>	<b>(2,068)</b>
25	Extraordinary Items (net of income tax benefit).....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ (2,010)</b>	<b>\$ (2,068)</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004  
AND THE SIX MONTHS ENDED JUNE 30, 2005

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2003.....	1,000,000	\$ 1,000		\$	\$ 76,673		\$ 9,358	\$ 87,031
2	Net Income (Loss) - 2004.....							(4,890)	(4,890)
3	Contribution to Paid-in-Capital.....							-	-
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Sale of Hedging Instrument.....							-	-
7	Changes in value of stock options granted to employees and consultants.....								-
8	.....								
9	.....								
10	Balance, December 31, 2004.....	1,000,000	1,000			76,673		4,468	82,141
11	Net Income (Loss) - 2005.....							(2,010)	(2,010)
12	Contribution to Paid-in -Capital.....							-	-
13	Dividends.....							-	-
14	Changes in value of stock options granted to employees and consultants.....							-	-
15	.....							-	-
16	.....							-	-
17	.....							-	-
18	.....							-	-
19	Balance, June 30, 2005.....	1,000,000	\$ 1,000		\$	\$ 76,673	\$	\$ 2,458	\$ 80,131

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)  
(\$ IN THOUSANDS)

Amended

9/16/05

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	Net Cash Provided (Used) by Operating Activities.....	\$ 6,626	\$ 7,638
	<b>Cash Flows From Investing Activities:</b>		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(11,691)	(58,438)
5	Proceeds from Disposition of Property and Equipment.....	28	1,249
6	Purchase of Casino Reinvestment Obligations.....	(1,478)	(1,296)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	CRDA Reimbursement.....	-	433
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(13,141)	(58,052)
	<b>Cash Flows From Financing Activities:</b>		
13	Cash Proceeds from Issuance of Short-Term Debt.....	5,000	-
14	Payments to Settle Short-Term Debt.....	(5,000)	(938)
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	13,782
16	Costs of Issuing Debt.....	(52)	(158)
17	Payments to Settle Long-Term Debt.....	(1,419)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Other Financing Activities.....	-	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	(1,471)	12,686
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(7,986)	(37,728)
25	Cash and Cash Equivalents at Beginning of Period.....	31,959	78,775
26	Cash and Cash Equivalents at End of Period.....	\$ 23,973	\$ 41,047
	<b>Cash Paid During Period For:</b>		
27	Interest (Net of Amount Capitalized).....	\$ 11,102	\$ 6,478
28	Income Taxes (Net of amounts refunded).....	\$ (709)	\$ 650

# STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

Amended

9/16/05

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net Income.....	\$ (2,010)	\$ (2,068)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	8,152	5,538
31	Amortization of Other Assets.....	1,554	1,679
32	Amortization of Debt Discount or Premium.....	275	245
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	(573)	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(28)	(759)
36	(Gain) Loss on Casino Reinvestment Obligations.....	401	1,079
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	(3,299)	(570)
39	Net (Increase) Decrease in Inventories.....	(158)	(463)
40	Net Decrease (Increase) in Other Current Assets.....	(107)	(1,979)
41	Net Decrease (Increase) in Other Assets.....	646	588
42	Net Increase (Decrease) in Accounts Payable.....	146	4,042
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	1,627	306
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	-	-
45	Loss on extinguishment of debt.....	-	-
46			
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 6,626</b>	<b>\$ 7,638</b>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>Acquisition of Property and Equipment:</b>		
48	Additions to Property and Equipment.....	\$ (11,691)	\$ (58,438)
49	Less: Capital Lease Obligations incurred.....	-	-
50	<b>Cash Outflows for Property and Equipment.....</b>	<b>\$ (11,691)</b>	<b>\$ (58,438)</b>
	<b>Acquisition of Business Entities:</b>		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	<b>Cash Outflows to Acquire Business Entities.....</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued or Capital Contributions:</b>		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	<b>Cash Proceeds from Issuing Stock or Capital Contributions.....</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

Amended

8/16/05

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

# **SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	91,243	\$ 7,681	62	\$ 10
2	Food	590,919	6,233	61,742	595
3	Beverage	358,598	1,403	-	-
4	Travel	-	-	10,565	915
5	Bus Program Cash	221,788	3,144	-	-
6	Other Cash Complimentaries	456,686	14,235	-	-
7	Entertainment	9,243	441	848	119
8	Retail & Non-Cash Gifts	2,501	26	957	240
9	Parking	-	-	-	-
10	Other	3,320	70	28,923	607 *
11	Total	1,734,298	\$ 33,233	103,097	\$ 2,486

\* Included in Other Promotional Expenses for the six months ended June 30, 2005 are tobacco complimentaries in the amount of \$161,000. No other single item or service included in other exceeds 5% of the column total.

FOR THE THREE MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	50,556	\$ 4,156	5	\$ 1
2	Food	322,963	3,341	32,746	286
3	Beverage	168,121	700	-	-
4	Travel	-	-	5,900	506
5	Bus Program Cash	124,980	1,790	-	-
6	Other Cash Complimentaries	205,154	7,426	-	-
7	Entertainment	3,364	100	253	50
8	Retail & Non-Cash Gifts	727	7	485	131
9	Parking	-	-	-	-
10	Other	1,848	38	14,041	279 *
11	Total	877,713	\$ 17,558	53,430	\$ 1,253

\* Included in Other Promotional Expenses for the three months ended June 30, 2005 are tobacco complimentaries in the amount of \$91,000. No other single item or service included in other exceeds 5% of the column total.



**RESORTS INTERNATIONAL HOTEL INC.  
NOTES TO FINANCIAL STATEMENTS**

**1. Basis of Presentation**

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). CRH also owns 100% of the common stock of Resorts Real Estate Holdings, Inc. ("RREH"), a New Jersey corporation formed on April 1, 2003 to acquire certain land subject to an option agreement ("Option Agreement") between Kerzner International North America, Inc. ("KINA") and RIHC. RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of 11½% first mortgage notes (the "First Mortgage Notes") (see Note 7, "Long-Term Debt"). Concurrent with the sale of the First Mortgage Notes, CRH issued class A common stock and class B common stock to its existing shareholders for a total price of approximately \$35.0 million. The proceeds from the sale of the First Mortgage Notes and issuance of stock were used to retire existing debt and to finance the cost to develop, construct and equip a new hotel tower (the "Hotel Expansion Project"). As of September 30, 2004, the proceeds from the sale of the First Mortgage Notes deposited in the construction disbursement account to help finance new development have been depleted. Additionally, \$10.0 million of the proceeds from the issuance of stock were deposited in a liquidity disbursement account to be used for working capital in the event that RIH's Adjusted Consolidated EBITDA, as defined in the First Mortgage Notes Indenture, for any four fiscal quarters ending on or prior to December 31, 2004, is less than \$28 million. At the end of the measurement period referred to in the previous sentence, RIHC was permitted to secure a release of any unutilized amount in the liquidity disbursement account, which totaled approximately \$9.7 million. Funds related to the liquidity disbursement account have been earmarked for short term construction projects during 2005, and may be returned to Colony Capital, LLC in 2006.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principals for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three months and six months ended June 30, 2005, are not necessarily indicative of the results that may be expected for the final close of the year ended December 31, 2005.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2004, as filed with the Commission.

**2. Receivables**

Components of receivables were as follows at June 30 (in thousands):

	2005	2004
Gaming .....	\$ 5,412	\$ 5,310
Less: allowance for doubtful accounts.....	(1,298)	(1,521)
	<u>4,114</u>	<u>3,789</u>
Non-gaming:		
Hotel and related.....	1,042	600
Due from affiliates.....	2,472	--
Other .....	1,229	1,397
	<u>4,743</u>	<u>1,997</u>
Less: allowance for doubtful accounts.....	(27)	(41)
	<u>4,716</u>	<u>1,956</u>
Receivables, net.....	<u>\$ 8,830</u>	<u>\$ 5,745</u>

### 3. Prepaid Expenses and Other Current Assets

Components of prepaid expenses and other current assets were as follows at June 30 (in thousands):

	2005	2004
Current portion deferred income taxes.....	\$ 4,804	\$ 4,294
Income tax receivable.....	623	-
Other.....	4,011	4,745
	<u>\$ 9,438</u>	<u>\$ 9,039</u>

### 4. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at June 30 (in thousands):

	2005	2004
CRDA bonds and direct investments.....	\$ 10,880	\$ 13,727
CRDA deposits.....	9,051	5,591
Valuation allowance.....	(8,719)	(8,155)
	<u>\$ 11,212</u>	<u>\$ 11,163</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the six months ended June 30, 2005 and 2004 for discounts on obligations were \$401,000 and \$1.1 million respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

### 5. Other Accrued Expenses

Components of other accrued expenses were as follows at June 30 (in thousands):

	2005	2004
Insurance and related costs.....	\$ 1,533	\$ 1,722
Payroll and related liabilities.....	9,268	7,781
Gaming taxes and fees.....	2,684	2,601
Construction retainage payable.....	1,151	--
Other.....	3,765	2,621
	<u>\$ 18,401</u>	<u>\$ 14,725</u>

### 6. Other Current Liabilities

Components of other current liabilities were as follows at June 30 (in thousands):

	2005	2004
Interest Payable.....	\$ 6,045	\$ 6,043
Other.....	2,664	2,274
	<u>\$ 8,709</u>	<u>\$ 8,317</u>

## 7. Long-Term Debt

### Due to Affiliates

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of First Mortgage Notes at a price of 97.686% yielding \$175.8 million. Interest on the First Mortgage Notes is payable on March 15 and September 15 of each year, and the First Mortgage Notes are due in full on March 15, 2009. In conjunction with the issuance of the First Mortgage Notes, RIHC issued a note to RIH with terms that mirror those of the First Mortgage Notes.

The First Mortgage Notes contain certain covenants that, among other things, limit RIHC's ability and the ability of its subsidiaries to pay dividends on, redeem or repurchase its or their capital stock, make investments, incur additional indebtedness, permit payment of or restrict dividends by certain of its subsidiaries, enter into sale leaseback transactions, sell assets, guarantee indebtedness, create certain liens, engage in transactions with affiliates, and consolidate, merge or transfer all or substantially all its assets and the assets of its subsidiaries on a consolidated basis.

In connection with the construction of the Hotel Expansion Project, the Company capitalized interest of \$4.1 million during the six months ended June 30, 2004. The Company ceased capitalization of interest during the second quarter of 2004, as the Hotel Expansion Project was ready for its intended use.

### Other

Other long-term debt is summarized as follows at June 30 (in thousands):

	2005	2004
Thermal Agreement.....	\$ 6,153	\$ 6,405
CIT Facility .....	15,956	13,967
Other.....	250	600
	<u>22,359</u>	<u>20,972</u>
Less: current portion.....	1,935	4,284
	<u>\$ 20,424</u>	<u>\$ 16,688</u>

On June 16, 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$6.2 million at June 30, 2005.

In June 2002, RIH entered into a \$20.0 million credit facility, the proceeds of which were intended to be used for the acquisition of furniture, fixtures, and equipment. RIHC has guaranteed the obligations of RIH under this equipment credit facility. As of June 30, 2005, RIHC had borrowed \$14.7 million of the equipment credit facility to purchase furniture, fixtures, and equipment for the New Tower and \$4.4 million to purchase additional slot machines to replace existing equipment. The outstanding balance due under this credit facility at June 30, 2005 was \$16.0 million. In March 2005, this credit facility was amended to provide for the suspension of principal payments for one year, commencing April 1, 2005; the outstanding principal balance as of June 30, 2005 will be paid in equal monthly installments commencing April 2006 and ending February 2009.

In November 2002, RIH entered into a Loan and Security Agreement with Commerce Bank, N.A. ("Commerce Facility"). The Commerce Facility provides for working capital borrowings and letters of credit up to \$10 million. The Commerce Facility expires on June 30, 2006. There have been \$4.4 million of standby letters of credit issued against the Commerce Facility, leaving an availability of \$5.6 million as of June 30, 2005. There was no outstanding balance of borrowings as of June 30, 2005.

In January 2004, CRH announced that it had reached agreement with KINA to acquire the Option Land, subject to the approval of the New Jersey Casino Control Commission, which approval was received on March 17, 2004. Following the approval, the Option Land was acquired by RREH on March 18, 2004 in exchange for the issuance of a \$40 million note by RREH to KINA. No principal payments are required on the \$40 million note until it reaches maturity. The note payable to KINA is guaranteed by CRH, RIHC and RIH, provided, however that the guarantee of RIHC and RIH does not become effective until either the First Mortgage Notes have been paid in full or the fixed charge coverage ratio (the ratio of Consolidated EBITDA to Fixed Charges, all as further defined in the First Mortgage Notes Indenture) of RIHC is at least 2.0 to 1.0. In addition, the amount guaranteed was initially limited to \$20 million increasing by \$5 million each year, totaling \$25 million at June 30, 2005.

In the second quarter of 2004, RIH completed a like-kind exchange of its warehouse for a new warehouse facility. The transaction included the receipt of approximately \$1.2 million from the sale of the old warehouse, the proceeds of which were combined with a \$600,000 note (the "Warehouse Note") to purchase the new facility. The Warehouse Note has an interest rate of 6%, with fixed payments of principal and interest due in December 2004, February 2005 and February 2006. The outstanding balance of the Warehouse Note was \$250,000 at June 30, 2005.

#### 8. Related Party Transactions

RIH recorded the following expenses from affiliates for the twelve months ended June 30 (in thousands):

	2005	2004
Interest and amortization of discounts on First Mortgage Notes.....	\$ 10,625	\$ 10,595
Interest expense on hedging instruments .....	-	1
Less: capitalized interest.....	-	(4,060)
	<u>\$ 10,625</u>	<u>\$ 6,536</u>

#### 9. Income Taxes

The benefit for income taxes for the six months ended June 30, 2005, is different than the amount computed at the United States statutory rate due to certain non-deductible items and state income taxes, which are calculated under an alternative minimum assessment of a percentage of gross revenues.

On June 30, 2003, the State of New Jersey amended the Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licenses in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually. For the three- and six-month periods ended June 30, 2005 and 2004, the Company recorded provisions of \$88,000 and \$175,000, respectively, for this tax.

On July 3, 2002, the State of New Jersey passed the New Jersey Business Tax Reform Act which, among other things, requires the suspension of the use of the New Jersey net operating loss carry-forwards for two years and the introduction of a new alternative minimum amount ("NJAMA") under the New Jersey corporate business tax based on gross receipts or gross profits, as defined. This tax was retroactive to January 1, 2002. Amounts paid under this alternative minimum assessment can be used as a credit to offset future taxable income, and such credit has an unlimited expiration period. As such, the Company has recorded a deferred tax asset of \$1.5 million, net of federal benefit, as June 30, 2005.

**TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.**

**SUPPLEMENTAL QUARTERLY FILINGS  
SIGNATURE PAGE**

Under penalties provided by law, I declare that I have examined the Supplemental Quarterly Filings, and to the best of my knowledge and belief, all the information contained in the Supplemental Quarterly Filings have been prepared in conformity with the Casino Control Commission's Supplemental Quarterly Filings Instructions and Uniform Chart of Accounts, and the information contained in these reports is accurate.



\_\_\_\_\_  
Signature

Senior Vice President of  
Finance and Chief Financial Officer  
\_\_\_\_\_

Title

8/15/2005  
\_\_\_\_\_

Date